

Message Text

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ORIGIN OES-07

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DRAFTED BY OES/NET/RD:JACOON:SK
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R 291712Z JUN 77
FM SECSTATE WASHDC
TO AMEMBASSY CANBERRA
INFO AMEMBASSY LONDON
AMEMBASSY ROME
AMEMBASSY BRUSSELS
AMEMBASSY BRUSSELS
AMEMBASSY PARIS
AMEMBASSY BONN
AMEMBASSY TOKYO
AMEMBASSY OTTAWA

C O N F I D E N T I A L STATE 151304

USEC

E.O. 11652: GDS

TAGS: ENRG, MNUC, TECH, AS

SUBJECT: DISCUSSIONS WITH AUSTRALIAN OFFICIALS ON NON-
PROLIFERATION AND URANIUM EXPORTS

1. AUSTRALIAN OFFICIAL TEAM LED BY J. HUMPHREYS ARE
VISITING LONDON, ROME, BRUSSELS, PARIS, BONN AND TOKYO FOR
DISCUSSIONS ON AUSTRALIAN SAFEGUARDS POLICY AND URANIUM EX-
PORTS. HUMPHREYS, WHO TEMPORARILY LEFT TEAM IN EUROPE TO
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JOIN PRIME MINISTER FRASER IN WASHINGTON, BRIEFED DEPUTY
ASSISTANT SECRETARY NOSENZO AND OTHER DEPARTMENT OFFICERS
JUNE 23 ON RESULTS OF TEAM'S DISCUSSIONS SO FAR. FOLLOW-
ING IS SUMMARY OF HUMPHREYS/NOSENZO MEETING.

2. HUMPHREYS OUTLINED PURPOSE OF TOUR AS AN EFFORT TO:

(A) PROVIDE POTENTIAL CUSTOMERS WITH FULLER PICTURE OF STATUS AND BACKGROUND OF AUSTRALIAN POLICY;

(B) UP-DATE GOA KNOWLEDGE OF LIKELY URANIUM DEMAND (SO FAR THEY DISCERNED A GENERAL DOWNWARD REVISION OF EUROPEAN DEMAND ESTIMATES);

(C) GIVE EUROPEANS AND JAPANESE OPPORTUNITY TO COMMENT ON AUSTRALIAN SAFEGUARDS POLICY IN ORDER TO PERMIT GOA TO MAKE

ASSESSMENT ON WHETHER IT PROVIDES A SATISFACTORY BASIS FOR NEGOTIATING BILATERAL AGREEMENTS;

(D) ENGAGE IN GENERAL DISCUSSION OF NON-PROLIFERATION ISSUES.

3. HUMPHREYS COMMENTED THAT THE INTERNATIONAL FUEL CYCLE EVALUATION (INFCE) PROPOSAL WAS GENERALLY WELCOMED BY THE EUROPEANS, PROVIDED THEY DID NOT HAVE TO MAKE ADVANCE COMMITMENT TO OUTCOME AND PROVIDED THAT PARTICIPATION IN INFCE WOULD BE WITHOUT PREJUDICE TO CURRENT PROGRAMS. NOSENZO, AT HUMPHREYS REQUEST, OUTLINED PRESENT STATUS OF SUMMIT SEVEN EXPERTS DISCUSSIONS ON PRELIMINARY EVALUATION AND INFCE TERMS OF REFERENCE.

4. HUMPHREYS SAID CANADIANS HAD ALERTED HIM TO PROBLEM OF CONFIDENTIAL

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OVER-LAPPING CONTROLS ON CANADIAN URANIUM ENRICHED IN US AND THEN SHIPPED, FOR EXAMPLE, TO JAPAN. AUSTRALIA WOULD WELCOME OUR THOUGHTS ON HOW BEST TO SIMPLIFY SITUATION FOR CUSTOMER COUNTRIES WITHOUT PREJUDICING NATIONAL POLICY. HE NOTED THAT TO EXTENT WE HAD COMMON POLICIES, IT WOULD MAKE SOLUTION EASIER. SPEAKING PERSONALLY, HE THOUGHT IF AUSTRALIAN URANIUM WERE ENRICHED IN US AND US CONTROLS WERE EQUALLY STRINGENT, HE WOULD NOT BE AVERSE TO DEFERRING TO US ON APPLICATION OF CONTROLS. NOSENZO SAID WE WOULD KEEP AUSTRALIANS INFORMED FOLLOWING OUR BILATERAL TALKS WITH CANADA ON THIS ISSUE JUNE 27. (THESE TALKS WILL BE FOLLOWED BY TRILATERALS WITH THE CANADIANS AND JAPANESE ON JUNE 28).

5. BOTH HUMPHREYS AND NOSENZO AGREED THAT NEGOTIATIONS WITH EURATOM WOULD BE DIFFICULT ON QUESTION OF RIGHTS OF APPROVAL OVER REPROCESSING WITHIN THE EC. THE JAPANESE POSITION ALSO SEEMS TO HAVE HARDENED. NOSENZO NOTED RECENT CANADIAN PROPOSAL TO JAPANESE AND EURATOM WHICH WOULD ALLOW REPROCESSING OF CANADIAN-ORIGIN FUEL FOR TWO YEARS OR PENDING COMPLETION OF INFCE, WHICHEVER WAS SHORTER. HUMPHREYS INDICATED THAT GOA HAS NOT DETERMINED

THEIR POSITION, BUT IT COULD BE SIMILAR.

6. HUMPHREYS SAID THAT AUSTRALIA HAS NOT MADE ANY DECISION YET ON ITS STRATEGY FOR NEGOTIATING BILATERAL AGREEMENTS AS REQUIRED BY THEIR SAFEGUARDS POLICY. SPEAKING PERSONALLY, HE THOUGHT THERE WAS NO NEED TO RUSH INTO NEGOTIATIONS SINCE AUSTRALIAN EXPORTS PRESUMABLY WILL NOT BEGIN TILL 1982. HE INDICATED, HOWEVER, THAT SOME EUROPEANS, MOST NOTABLY THE UK, WANT SEPARATE BILATERAL AGREEMENTS WITH AUSTRALIA AND APPEAR TO SEE NO CONFLICT WITH EURATOM. AUSTRALIA DOES NOT WANT TO GET IN THE MIDDLE

OF AN EC CONTROVERSY BUT WOULD LIKE BILATERALS WITH MEMBER COUNTRIES TOO.

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HUMPHREYS ALSO STRESSED, AND NOSENZO AGREED, THAT WE MUST BE CAREFUL THAT EUROPEANS AND JAPANESE DO NOT PERCEIVE US (CANADA, US, AND AUSTRALIA) AS "GANGING-UP" TO FORM A CARTEL TO INCREASE THE MARKET FOR NATURAL URANIUM.

7. NOSENZO DESCRIBED OUR CURRENT THINKING ON FUEL ASSURANCES, NOTING THAT, AMONG OTHER THINGS, WE ARE EXAMINING THE POSSIBILITY OF SOME KIND OF "FUEL BANK", PERHAPS ALONG LINES OF SENATOR GLENN'S PROPOSAL, WHICH MIGHT ASSURE SUPPLY TO SMALLER COUNTRIES. POSSIBLY AUSTRALIA MIGHT CONSIDER PUTTING UP SOME NATURAL URANIUM AND WE WOULD PROVIDE ENRICHMENT SERVICES? HUMPHREYS INDICATED GOA WAS WILLING TO EXPLORE IDEA.

8. ASKED ABOUT FRENCH REACTION TO AUSTRALIA'S ANNOUNCED SAFEGUARDS REQUIREMENT THAT ITS URANIUM BE COVERED BY IAEA SAFEGUARDS IN NUCLEAR WEAPONS STATES, HUMPHREYS REPLIED THAT HE BELIEVED FRANCE IS MOVING TOWARD SOME ACCOMMODATION.

9. AUSTRALIANS ALSO REGISTERED LOW-KEY CONCERN ABOUT URANIUM ANTI-TRUST CASE.

10. HUMPHREYS WELCOMED NOSENZO PROPOSAL THAT HE AND SIEVERING (ERDA) VISIT CANBERRA FOR FOLLOW-ON TALKS MID JULY. IT WOULD PROVIDE OPPORTUNITY FOR AUSTRALIANS TO BRIEF US ON REMAINING PORTION OF HUMPHREYS' TEAM TOUR AND US SIDE COULD ELABORATE ON FUEL ASSURANCE PLANS. VANCE

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